



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Nevada State Office
P.O. Box 12000 (1340 Financial Blvd.)
Reno, Nevada 89520-0006
<http://www.nv.blm.gov>

In Reply Refer To:
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October 23, 2002

Notice of Competitive Lease Sale Oil and Gas

The Bureau of Land Management, Nevada State Office, is pleased to announce that we will offer for competitive sale certain Federal lands in Nevada for oil and gas leasing. This notice describes—the time and place of the auction,

how to register for and participate in the bidding process, the conditions of the auction,
how to file a pre-sale noncompetitive offer, and
how to file a noncompetitive offer after the auction.

When and where will the auction take place?

When: The competitive oral auction will begin at 9:00 a.m. on Tuesday, **December 10, 2002**. The sale room will open one hour earlier to allow you to register and get your bidding number.

Where: We will hold the auction at 1340 Financial Boulevard, Great Basin Conference Rooms A & B, Reno, Nevada. Parking is available at the sale site.

Access: The auction room is accessible to persons with disabilities. If you need an auxiliary aid or service to participate in the auction, such as a sign language interpreter or materials in an alternate format, please contact Donna Grill at (775) 861-6513 by **November 26, 2002**.

How do I register as a bidder?

You have to register and get a bidding number to participate in the sale. A Bidder Registration Form is included in this package. We will have copies available at the auction site. We will begin registering bidders at 8:00 a.m. the day of the sale.

How do I participate in the bidding process?

The auctioneer will offer the parcels on the list attached to this notice in number order. Only registered bidders may make oral bids. All bids are on a per-acre basis for the entire acreage in the parcel. The winning bid will be the highest oral bid equal to or exceeding the minimum acceptable bid. The decision of the auctioneer is final.

The minimum acceptable bid is \$2 per acre or fraction thereof. If the parcel has fractional acreage, round it up to the next whole acre. For example, a parcel of 100.5 acres requires a minimum bid of \$202 (\$2 x 101 acres). After the auctioneer has offered all parcels, you may request that any unsold parcel be re-offered.

What are the terms and conditions of a lease issued as a result of this sale?

Term of the lease: A lease is issued for a primary term of 10 years. It continues beyond that if it has production in paying quantities. We charge a royalty of 12.5 percent of the value of oil or gas removed or sold from a lease. You will find other lease terms on our standard lease form (Form 3100-11, June 1988 or later editions).

Stipulations: Some parcels are subject to surface use stipulations. They are requirements or restrictions on how you conduct operations. These stipulations are included in the parcel descriptions on the attached list. They become part of the lease and supersede any inconsistent provisions in the lease form.

What are the terms of the sale?

Withdrawal: We reserve the right to withdraw any or all parcels from the sale before the auction begins. If we withdraw any parcels, we will post a notice in the Nevada State Office Information Access Center. You may also get the numbers of withdrawn parcels by calling Donna Grill at (775) 861-6513. If we cancel the sale, we will try to notify all interested parties in advance.

Payment: You cannot withdraw your bid; it is a legally binding commitment to sign the lease bid form; accept the lease; and pay **on the day of the auction** the bonus bid, the first year's rent, and an administrative fee. The bonus bid is a deposit of at least \$2.00 per acre or fraction thereof. The first year's rent is \$1.50 per acre or fraction thereof. The administrative fee is \$75 per parcel.

You must pay minimum bonus, first year's rental and administrative fee within 1 hour of the close of the sale, at the Cashier's Window located in the Information Access Center. You may pay the entire amount of your bid on the day of the auction, but if you don't, you must pay the balance by **December 24, 2002**, the 10th working day following the auction. If you don't pay in full by this date, you forfeit the right to the lease **and all money you have paid us**. If you forfeit a parcel, we may offer it for sale at a later auction.

Form of payment: You can pay by personal check, certified check, money order, or credit card (Visa, MasterCard, American Express or Discover Card). Make a check payable to:

Department of the Interior–BLM. We don't accept cash. If a check you have sent us in the past has bounced (been returned for insufficient funds), we will require that you give us a guaranteed payment, such as a certified check.

Bid form: Successful bidders must submit a signed competitive lease bid form (Form 3000-2, Nov. 2001) with their payment on the day of the auction. This form is a legally binding offer by a prospective lessee to accept a lease and all applicable terms and conditions. We recommend you get the form and complete part of it before the auction, leaving part to be filled out at the auction. Your completed bid form certifies that you are qualified to be a lessee under our regulations at 43 CFR Part 12 and Subpart 3102.5-2. It also certifies that you comply with 18 U.S.C. 1860, a law prohibiting unlawful combinations, intimidation or collusion among bidders.

Issuance of a lease: We (the BLM) can issue your lease by signing the lease form as soon as you have completed your lease bid form and paid your fees and rent. The effective date of a lease is the first day of the month following the month in which we sign the lease. We can make it effective the first day of the month in which we sign it, if we receive your written request before we sign the lease.

How do I file a noncompetitive pre-sale offer?

Under our regulations at 43 CFR 3110.1(a), you can file a noncompetitive pre-sale offer for lands that –are available,

- have not been under lease during the previous one-year period; or
- have not been included in a competitive lease sale within the previous two-year period.

If no bid is received on them, your pre-sale offer gives you priority over any offer filed after the auction. In the list of parcels attached to this notice, we have used an asterisk to mark any parcel that has a pending pre-sale offer. By filing a pre-sale offer, you are consenting to all terms and conditions of the lease, including any stipulations listed on the attachment to this notice.

To file a pre-sale offer, you must send us –

- a standard lease form (Form 3100-11, June 1988 or later edition), which is properly filled out, as required by the regulations under 43 CFR 3110. (**Note: You must copy both sides of the form on one page. If you copy the form on 2 pages, we will reject your offer. We will also reject offers on obsolete lease forms.**);
- the first year's advance rent in the amount of \$1.50 per acre or fraction thereof; and
- a nonrefundable administrative fee in the amount of \$75.

NOTE: You cannot file a pre-sale offer for any lands included in the parcel list attached to this notice.

How do I file a noncompetitive offer after the auction?

You may be able to get a noncompetitive lease for a parcel we offered if –

- we did not withdraw it from the sale;
- it did not receive a bid; and
- it does not have a noncompetitive pre-sale offer pending.

Parcels that meet all these criteria are available on a first-come, first-served basis for two years from the date of the auction.

If you want to file a noncompetitive offer for an unsold parcel immediately after the sale or on the next business day, give us the items listed above under pre-sale offers in a sealed envelope marked "Noncompetitive Offer." These offers will be accepted at the Cashier's Window located in the Information Access Center until 4:30 p.m.. We consider all noncompetitive offers that we receive on the day of the sale and the first business day after the sale as filed at the same time (simultaneously). Where an unsold parcel receives more than one simultaneous filing, we will hold a public drawing to determine who will get the lease.

When is the next sale scheduled?

The next sale is tentatively scheduled for March 11, 2003. Expressions of interest for the June 10, 2003, sale, are due in our office by 4:30 on January 10, 2003.

Who should I contact if I have a question?

For more information, contact Donna Grill at (775) 861-6513.

Wayne M. Lowman
Supervisor, Branch of Minerals Adjudication

NOTICE TO LESSEE

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments Act of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A) or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation does not apply to operations and maintenance of production facilities. On the land described below:

Ferruginous Hawk Nesting Territories

A ½ mile radius surrounding ferruginous hawk nesting territories within BLM Ely District Egan Resource Area from March 15 to July 1.

Description of Lands

PARCEL NV-02-12-0001

T. 18 N., R. 56 E., MDM, Nevada
sec. 21, E2;
sec. 28, NE.

For the purpose of:

- a. Protecting the integrity of the hawk nesting territory.
- b. Category II listed species by USF&WS.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101).

OG-047-2

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation does not apply to operations and maintenance of production facilities. On the land described below:

Sage Grouse Lek(s)

A 2 mile radius around a sage grouse lek(s) from March 15 to May 1. All valleys throughout the BLM Ely District Egan Resource Area.

Description of Lands

PARCEL NV-02-12-0001

T. 18 N., R. 56 E., MDM, Nevada
sec. 21, NE, E2NW.

OG-047-3

PARCEL NV-02-12-0001
T. 18 N., R. 56 E.
sec. 21, E2, E2NW, SWNW, SW;
sec. 28, E2, NWNW, S2NW, N2SW.
White Pine County 1120.00 Acres
Stipulation(s) OG-047-2 and OG-047-3

TOTAL PARCELS 5
TOTAL ACRES 5,400.00
PARCELS WITH
PRE-SALE APLNS 4
(0002, 0003, 0004,
0005)

PARCEL NV-02-12-0002
T. 09 S., R. 47 E.
(Pro Dia 93)
sec. 31, SENE, SE;
sec. 32, all.
Nye County 840.00 Acres
This parcel is subject to noncompetitive
(pre-sale) lease offer N-76119

TOTAL ACRES
PRE-SALE APLNS 4,280.00

PARCEL NV-02-12-0003
T. 10 S., R. 47 E.
(Pro Dia 93)
sec. 05, all;
sec. 06, SESE;
sec. 07, NENE;
sec. 08, all.
Nye County 1360.00 Acres
This parcel is subject to noncompetitive
(pre-sale) lease offer N-76119

PARCEL NV-02-12-0004
T. 10 S., R. 47 E.
(Pro Dia 93)
sec. 09, all;
sec. 10, S2NE, SW, N2SE;
sec. 11, SWNW, NWSW;
sec. 15, N2NW;
sec. 16, N2NE.
Nye County 1200.00 Acres
This parcel is subject to noncompetitive
(pre-sale) lease offer N-76119

PARCEL NV-02-12-0005
T. 10 S., R. 47 E.
(Pro Dia 93)
sec. 14, E2E2, NWNE, SWSE;
sec. 23, NE, E2NW, SWNW, SW;
sec. 26, NWNE, NW.
Nye County 880.00 Acres
This parcel is subject to noncompetitive
(pre-sale) lease offer N-76119